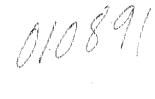
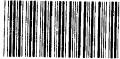
REPORT BY THE

Comptroller General

OF THE UNITED STATES

Audit Of The House Recording Studio Revolving Fund For The Fiscal Year Ended December 31, 1979





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COMPTROLLER GENERAL OF THE UNITED STATES WASHINGTON, D.C. 2648

B-199028

The Honorable Edmund L. Henshaw, Jr. GH50003 Clerk of the House of Representatives

Dear Mr. Henshaw:

We audited the House Recording Studio Revolving Fund for the fiscal year ended December 31, 1979, pursuant to your November 28, 1979, request.

GENERAL COMMENTS

The House Recording Studio was established pursuant to section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio, operated by a director under the jurisdiction of the Clerk of the House of Representatives and subject to the direction and control of the Committee on the House Recording Studio, makes film and audio-tape and video-tape recordings for Members and committees of the House of Representatives. The prices charged for services are set by the Clerk of the House, subject to the approval of the Committee on the House Recording Studio.

Studio operations are financed from a revolving fund and from funds appropriated to the Clerk of the House and the Architect of the Capitol. All moneys received from operations are deposited into the revolving fund and are available for the Studio's operation. Employee salaries and benefits and certain other operating expenses, such as utilities, are paid from appropriated funds. These expenses are not recorded in the Studio's accounting records nor included in determining the results of Studio operations.

Each Member is authorized an allowance for the conduct of the official and representational duties of his office. (See encl. I). Charges for Recording Studio services provided to Members may be paid (1) by the House Finance Office from a Member's allowance account, (2) directly by a Member, or (3) by a media organization through a Member.

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In 1978 the Recording Studio changed its fiscal year to more closely conform to a session of the Congress. Consequently, the 1978 fiscal year data used for comparative purposes in this report represents a 9-month period, and the 1979 fiscal year data represents a 12-month period.

FINANCIAL POSITION

A comparative statement of assets and liabilities of the revolving fund at December 31, 1979, and December 31, 1978, is presented as schedule 1. The following comments relate to items on that statement.

Accounts receivable

Accounts receivable from Members amounted to \$25,582 at December 31, 1979, an increase of \$16,680 from the amount receivable at December 31, 1978. An analysis of the ages of the accounts receivable at December 31, 1979, and December 31, 1978, follows:

Days	December	31, 1979	<u>December</u>	31, 1978
outstanding	Amount	Percent	<u>Amount</u>	Percent
1 through 59	\$24,972	97.62	\$8,245	92.62
60 through 89	528	2.06	337	3.79
90 through 119	46	.18	239	2.68
120 or more	36	.14	81	.91
Total	<u>\$25,582</u>	100.00	\$8,902	100.00

The principal reason for the higher balance at December 31, 1979, is that the Congress remained in session through December 31, 1979, and Members were available to use the Studio, whereas in 1978 the Congress adjourned on October 15.

As of March 25, 1980, 92 percent of the accounts receivable balance had been paid.

Equipment

A summary of the changes in the equipment account during the 12 months ended December 31, 1979, follows.

	Balance December 31,	Addi- Reduc-	Balance December 31,	
Equipment	1978	tions tions	1979	
Video Motion picture Radio Office and shop	\$ 865,060 \$ 181,254 96,248 3,513	53,615 \$318 7,430 234 82,799 - 32,590 -	\$ 918,357 188,450 179,047 36,103	
Total	\$1,146,075 \$	176,434 \$552	\$1,321,957	

Equipment additions were:

- --Video: one routing switcher system, one distribution amplifier, one video patch panel, one post production console, one broadcast editing console, and two recorder/reproducers.
- -- Motion picture: one Royal print processor.
- --Radio: one audio console, one audio duplicator, one FM tuner, one tape cartridge machine, and two audio duplicators.
- --Office: one computer.

Reductions were for adjustments to the recorded value of donated equipment.

OPERATIONS

Schedule 2, the comparative statement of revolving fund operations, shows that the Studio made a profit of \$66,129 for the period ended December 31, 1979, compared to a loss of \$1,434 for the period ended December 31, 1978.

The change in the Studio's operating results from a loss in 1978 to a profit in 1979 can be attributed to a 43-percent increase in average monthly sales and a 35-percent decrease in average monthly operating costs as a percentage of sales. The principal operating cost reductions were in (1) depreciation—from about 52.9 percent to 36.3 percent, (2) maintenance and repairs—from 26.7 percent to 14.5 percent, and (3) office supplies—from 10.3 percent to 1.7 percent.

SCOPE OF AUDIT

We made our audit in accordance with the Comptroller General's standards for financial and compliance audits. We reviewed operations and applicable Federal laws, observed the physical count of stock on hand, examined selected financial transactions and records, confirmed Members' account balances, and carried out such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the financial statements for the Revolving Fund from the Studio's accounting records. We adjusted these records, which were maintained on a cash basis, to present the financial position and results of the revolving fund operations on an accrual basis. The statements do not include the cost of salaries, employee benefits, and certain other benefits or services, such as space, building repairs and maintenance, and utilities, which are paid from appropriated funds and not charged to the Revolving Fund.

In our opinion, schedules 1, 2, and 3, which were prepared on the basis of the financial arrangements described above, present fairly the financial position of the House Recording Studio Revolving Fund at December 31, 1979, and December 31, 1978; the results of its operations; and the changes in its financial position for the periods then ended on a basis consistent with that of preceding years.

Copies of this report are being furnished for transmittal to Members of the Committee on the House Recording Studio. A copy is also being sent to the Chairman, Committee on House Administration.

Sincerely yours

Comptroller General of the United States

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 1979, AND DECEMBER 31, 1978

ASSETS

	December 31, 1979	December 31, 1978
CURRENT ASSETS: Cash revolving fund Petty cash	\$ 343,439 16	\$ 329,380 100
Total	343,455	329,480
Accounts receivableMembers Accounts receivableothers Inventory of materials and	25,582	8,902 300
supplies, at cost	25,939	28,844
Total current assets	394,976	367,526
FIXED ASSETS:		
Equipment (note a)	1,321,957	1,146,075
Less accumulated depreciation	772,658	701,257
Total fixed assets	<u>549,299</u>	444,818
TOTAL ASSETS	\$ 944,275	\$ 812,344

SCHEDULE 1 SCHEDULE 1

LIABILITIES AND CAPITAL

December 31, 1979	December 31, 1978
\$_77,419	\$ <u>11,065</u>
183,410	183,410
18,641	19,193
202,051	202,603
598,676 66,129	600,190 (1,434) (80) b/
664,805	598,676
	•
866,856	801,279
\$944,275	\$812,344
	1979 \$ 77,419 183,410 18,641 202,051 598,676 66,129 664,805

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 4 of the letter.

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1979,

AND THE 9-MONTH PERIOD ENDED DECEMBER 31, 1978

•	Total		Moti	Motion picture		Radio		Video	
	FY 1979	December 31, 1978	FY 1979	December 31, 1978	FY 1979	December 31, 1978	FY 1979	December 31, 1978	
REVENUE: Sales	\$196,822	\$103,389	\$48,842	\$29,517	\$ <u>61,346</u>	\$ <u>33,542</u>	\$86,634	\$ <u>40,330</u>	
COSTS: Film materials Supplies used Outside processing	8,596 9,002 878	2,959 1,284 765	8,596 4,783 878	2,959 877 765	- - -	- 407 -	4,219	- -	
Maintenance and repairs	28,588	27,646	5,903	7,588	6,591	2,014	16,094	18,044	
Depreciation of equipment	71,401	54,640	13,367	9,721	6,661	3,103	51,373	41,816	
Office supplies and expenses	3,309	10,680	1,103	3,560	1,103	3,560	1,103	3,560	
Miscellaneous expenses	8,919	6,815	2,973	2,272	2,973	2,272	2,973	$_{2,271}$	
Total costs (note c)	130,693	104,789	37,603	27,742	17,328	11,356	75,762	65,691	
Net profit or (loss) from operations	66,129	(1,400)	11,239	1,775	\$ <u>44,018</u>	\$ <u>22,186</u>	\$ <u>10,872</u>	\$(<u>25,361</u>)	
EQUIPMENT DISPOSALS: Loss on disposal of equipment		(34)		-				(34)	
NET PROFIT OR (LOSS)	\$ 66,129	\$ (<u>1,434</u>)	\$11,239	\$ <u>1,775</u>	\$44,018	\$22,186	\$10,872	\$(25,395)	

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 4 of the letter.

SCHEDULE 3 SCHEDULE 3

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1979,

AND THE 9-MONTH PERIOD ENDED DECEMBER 31, 1978

	December 31, 1979	December 31, 1978
FUNDS PROVIDED: Sales	\$196,822	\$103,389
Decrease in working capital	38,904	
Total funds provided	\$235,726	\$103,389
FUNDS APPLIED: Costs (excluding depreciation and other items not requiring	a	
outlay of funds) Equipment additions Increase in working capital	\$ 59,292 176,434	\$ 50,041 43,884 9,464
Total funds applied	\$235,726	\$103,389

Analysis of Changes in Working Capital for the Fiscal Year Ended December 31, 1979, and the 9-month period ended March 31, 1978

	Increase or	(decrease) in
	working	capital
	Fiscal year 1979	December 31, 1978
WORKING CAPITAL CHANGES:		
Cash	\$ 13,975	\$ 3,964
Accounts receivable	16,380	(18,750)
Inventory of material	•	
and supplies	(2,905)	3,458
Accounts payable	(66,354)	20,792
Increase or (decrease)	
in working capital	\$(38,904)	\$ 9,464

GAO note: The accompanying notes on page 6 are an integral part of this statement

Our opinion on this statement appears on page ${\bf 4}$ of the letter.

HOUSE RECORDING STUDIO

REVOLVING FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1979 AND 1980

- a/The current estimated value of excess property acquired from other Federal agencies at no cost is included at \$18,641, and \$19,193 as of December 31, 1979, and December 31, 1978, respectively.
- b/Writeoff of uncollectible receivable from fiscal year 1977.
- c/The Comparative Statement of Operations does not include the cost of salaries \$554,241 (\$316,982 in 1978), employee benefits, and certain other benefits or services, such as space, building repairs and maintainance, and utilities, which are paid from appropriated funds and not charged to the Revolving Fund.

HOUSE OF REPRESENTATIVES COMMITTEE ON HOUSE ADMINISTRATION REGULATIONS FOR MEMBERS

D. ALLOWANCE FOR OFFICIAL EXPENSES

- 1. Each Member is authorized an allowance for the conduct of the official and representational duties of the Office. This allowance shall consist of a base of \$40,000 plus:
- (a) The dollar equivalent of 64 multiplied by the rate per mile multiplied by the mileage between the District of Columbia and the furthest point in the Member's District, according to the Rand McNally Standard Highway Mileage Guide, plus 10 percent. In no case shall the amount be less than \$3,000.

ne following rates per mile apply:	Per mile
Under 500 miles	<i>\$0.18</i>
At least 500 but under 750 miles	
At least 750 but under 1.000 miles	
At least 1,000 but under 1,750 miles	
At least 1.750 but under 2,250 miles.	
At léast 2,250 but under 2,500 miles	
At least 2,500 but under 3,000 miles	. 12
3,000 miles or over	

- (b) (1) The dollar equivalent to 15,000 times the highest long-distance telephone rate per minute from the District of Columbia to the Member's District.
- (2) If the Member has elected to utilize WATS or similar service in his or her office in the Capitol or House Office Building, the dollar amount calculated in (1) above will be reduced by one-half.
- (3) In no case shall the equivalent amount specified in (1) above be less than \$6,000 or the amount specified in (2) above be less than \$3,000.
- (c) The dollar equivalent to 2500 square feet multiplied by the highest applicable rate per square foot charged to Federal agencies in the district established by regulations issued by the Administrator of General Services pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949 as amended (40 U.S.C. 490(j)) for the rental of suitable office space.
- 2. This allowance may be used for the expenses of travel, office equipment lease, district office lease, stationary, telecommunications, mass mailings, postage, computer services and other official expenses.
- 3. (a) This allowance will be disbursed, upon proper certification and documentation, for the official expenses of the Member, the Member's employees or the Member's congressional office and shall be in the form of reimbursement to the Member or direct payment on behalf of the Member to a specified payee.
 - (b) Documentation shall include invoices, receipts or other evidence of expenses incurred.
- (c) Official expenses are ordinary and necessary business expenses incurred in support of the Members official and representational duties.
 - (d) The following items or classes of items are excluded from those payable from this allowance:
 - (1) Expenses relating to the hiring and employment of individuals, including, but not limited to employment service fees, transportation of interviewes to and from employment interviews and cost of relocation upon acceptance or termination of employment.
 - (2) Items purchased from other than the House stationery store which have a useful life in excess of the current term of the Member, and which would have a residual value of more than \$25 upon the expiration of the current term of the Member.

(Rev. 10/1/79)

- (3) Holiday greeting cards, flowers, and trophies.
- (4) Personal advertisements (other than meeting or appearance notices).
- (5) Donations or gifts of any type, except flags of the United States flown over the Capitol and items purchased for use as gifts when on official travel for the House of Representatives outside the United States its territories or possessions.
- (6) Dues or assessments other than to legislative support organizations approved by the Committee on House Administration.
- (7) Educational expenses for courses of study, information or training programs, unless the benefit accrues primarily to the House and the skill or knowledge is not commonly available.
 - (8) Purchases of radio and television time.
- (9) Parking for Member and employees at district offices, except when included as an integral part of the lease or occupancy agreement for the district office space.



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